THE LONDON P&I INSURANCE COMPANY (EUROPE) LIMITED

Solvency & Financial Condition Report

As at 20 February 2022

Registered in Cyprus: HE410091 **Registered Office:** Esperidon 5, 4th floor, Strovolos, 2001, Nicosia, Cyprus

Supervised by the Superintendent of Insurance, Insurance license No 183. Trading as The London P&I Club.

Contents

INTRODUCTION

The Solvency and Financial Condition Report ("SFCR" or "Report") for The London P&I Insurance Company (Europe) Limited ("the Company") is prepared as at 20 February 2022 in accordance with the requirements of Directive 2009/138/EC and Delegated Regulation (EU) 2015/35.

The SFCR provides the general public with an overview of the company's solvency and financial condition covering business performance, its systems of governance, adequacy of its risk profile and a description of its capital management.

The Company's core business is the provision of Protection & Indemnity ("P&I") insurance on a mutual and fixed premium basis for ship-owners, operators and charterers. It also provides Freight, Demurrage & Defence ("FD&D") insurance. It is an affiliate member of the 13 strong International Group of P&I Clubs ("IG") which between them provide P&I cover on a mutual basis for approximately 90% of the world's ocean-going tonnage. More information on the IG can be found at www.igpandi.org.

EXECUTIVE SUMMARY

On an IFRS reporting basis the Company's net earned premium income for the year ended 20th of February 2022 was US$2.1m (2021: US$1.1k). The prior year comparative is significantly lower as the Company only commenced underwriting on 1 January 2021. The Company's investable assets for the year under review were held in cash at bank. The Company's operating result for the year after tax was a loss of US$812.7k (2021: after tax loss of US$123.2k). Free reserves at 20 February 2022 stood at US$19,064k(2021:US$19,876.8k).

The Company is a wholly owned subsidiary of The London Steam-Ship Owners' Mutual Insurance Association Limited ("LSSO" or "the Association" or "the Club") which is directed by and run for the benefit of its mutual Members. The Systems of Governance section of this Report sets out the arrangements in place by which the Company's Board, assisted by a number of Committees, directs its affairs. The Board is currently comprised of three independent non-executive directors, one non-executive director, and two executive directors drawn from the Company's independent management company, A. Bilbrough & Co (Europe) Ltd.

The standard formula derived SCR and MCR for the Company as at 20 February 2022 stood at US$7,464k (2021:US$6,019k) and US$$4,308k (2021:US$4,328k) respectively.

APPROVAL BY THE BOARD OF DIRECTORS

We acknowledge our responsibility for preparing the Company's SFCR in all material respects in accordance with the legislation of the Republic of Cyprus ("the Rules") and the Solvency II Regulations.

We are satisfied that:

a) throughout the financial year in question, the Company has complied in all material respects with the requirements of the Rules and Solvency II Regulations as applicable to the Company; and
b) it is reasonable to believe that, at the date of the publication of this SFCR, the Company has continued so to comply, and will continue so to comply in the future.

For and on behalf of the Board

Nicos Syrimis Director, Chairman of the Board of Directors	Costas Kozakis Director, CFO

1 BUSINESS AND PERFORMANCE

1.1 Business Information

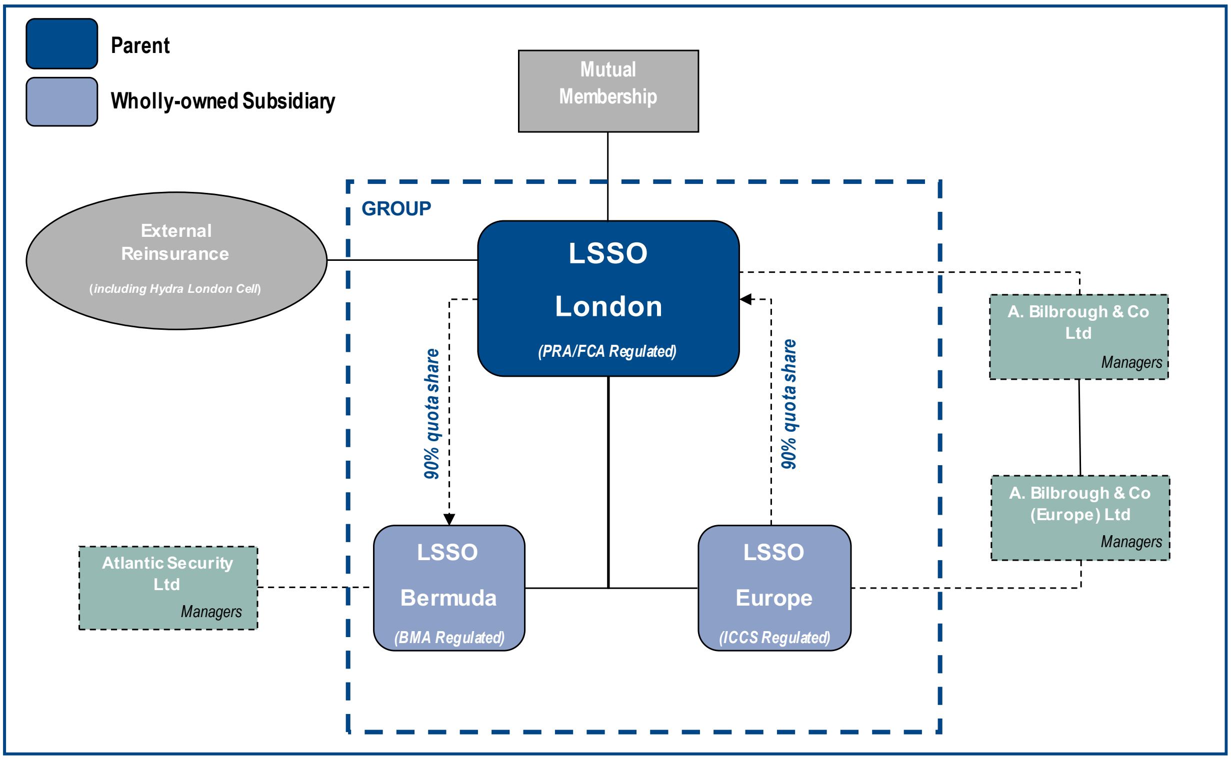
1.1.1 Legal & Operating Structure

The Company is private company limited by shares. It was incorporated in Cyprus on 12 June 2020 with registration number HE410091 and its registered address is at Esperidon 5, Floor 4, Strovolos, 2001, Nicosia, Cyprus. The Company is a wholly owned subsidiary of The London Steam-Ship Owners' Mutual Insurance Association Limited ("LSSO"). The Company, together with its parent entity and its parent's other subsidiaries form The London P&I Club (the "Club" or "Group").

LSSO is a private company limited by guarantee without share capital. It was incorporated in England & Wales in 1876 (Company number 10341) and its registered office address is 50 Leman Street, London E1 8HQ.

LSSO has two other wholly owned trading subsidiaries as follows:

- The London Steam-Ship Owners' Mutual Insurance Association (Bermuda) Limited ("LSSO Bermuda"); and
- Hydra Insurance Company Limited ("Hydra") – London Cell ("Hydra London Cell").



1.1.2 Supervisory Authority

The Company is regulated in the Republic of Cyprus by the Superintendent of Insurance ("SI") whose contact address is P.O. Box 23364, 1682 Nicosia.

1.1.3 External Auditor

The Company's external auditor is Deloitte Limited, 24 Spyrou Kyprianou Avenue, CY-1075 Nicosia, Cyprus.

1.1.4 Material lines of business

The Company's material lines of business are as follows:

- P&I insurance on a mutual and fixed premium basis for ship-owners, operators and charterers; and
- FD&D insurance on a mutual and fixed premium basis for ship-owners, operators and charterers.

1.2 Underwriting Performance

The Company commenced underwriting on 1 January 2021 following the United Kingdom's withdrawal from the EU. As the majority of the EEA business previously underwritten by the parent entity has a renewal date on 20 February, the Company's business volumes for the comparative reporting period of 2020/21 were minimal.

Underwriting performance for all business written, is presented below as shown in the Company's IFRS financial statements for the year ended 20 February 2022:

	2021/22 US$'000	2020/21 US$'000
Net earned premiums	2,063	1.1
Net incurred claims	(1,333)	(0.5)
Net operating expenses	1,543	(123.8)
Technical result	**(813)**	**(123.2)**

The Company's technical result for the financial year under review was a deficit of US$813k (2021:US$123.2k) and a combined ratio of 139.7%. For the comparative period, only a very small number of policies were written in the period 1 January to 20 February 2021 and as such the most material item contributing to the technical result was the initial costs associated with setting up the Company.

1.3 Investment Performance

The Company has a prudent investment policy in order to maintain its financial security and stability. For the year ended 20 February 2022, the Company's assets have been held as cash at bank.

1.4 Performance of Other Activities

The Company had no other material income and expenses over the reporting period.

1.5 Any Other Information

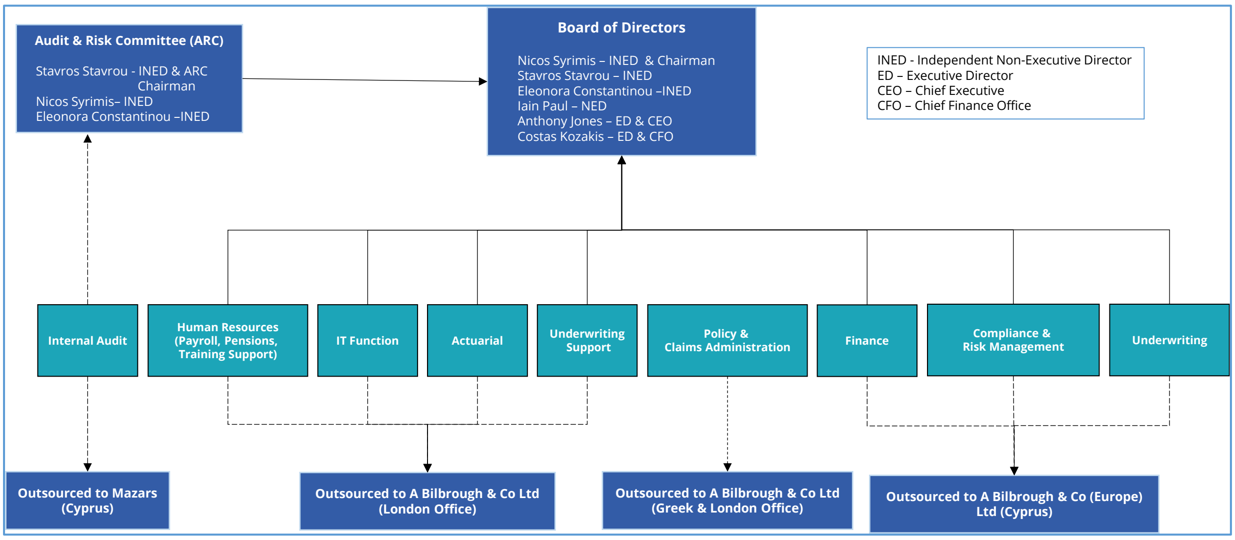
There is no other material information to report regarding the Company's business and performance.

2 SYSTEM OF GOVERNANCE

2.1 General Information on the System of Governance

2.1.1 Corporate Governance Structure

The System of Governance for the Company and its Key Functions are illustrated in Figure 2.1.1, The London P&I Insurance Company (Europe) Limited's System of Governance.



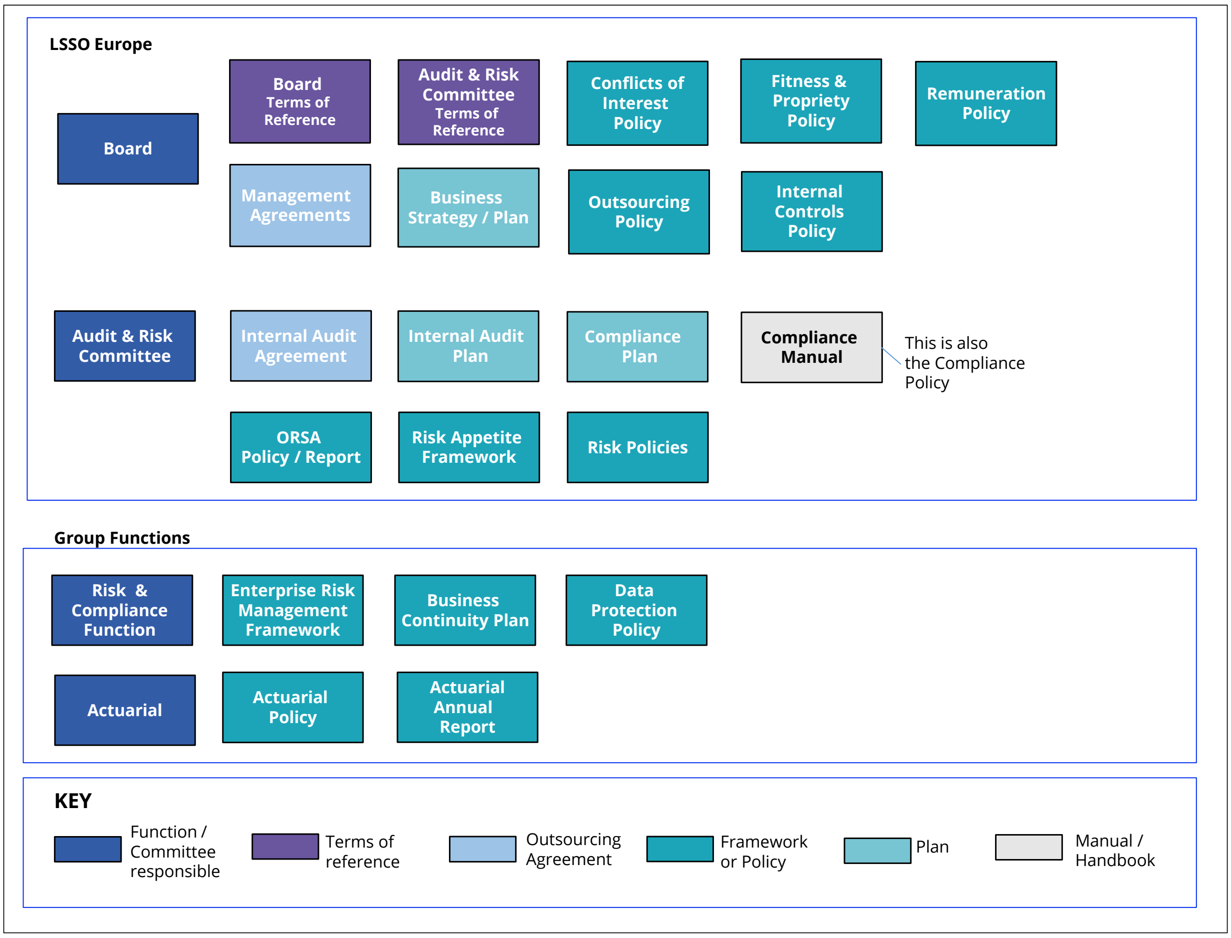


Figure 2.1.1 The London P&I Insurance Company (Europe) Limited's System of Governance

Board

The Board has overall responsibility for the direction of the Company and its duties and responsibilities are extensive, including but not limited to:

- Determining the corporate governance and structure of the Company;
- Calling annual general meetings and other general meetings in accordance with the Articles;
- Reviewing, proposing and seeking approval for changes to the Articles;
- Appointing and removing members of the Board in accordance with the Articles;
- Appointing the Managers, the auditors, advisers and any other material service provider and determining their remuneration and scope of services to be provided to the Company;
- Determining the remuneration of the Board;
- Directing and monitoring the operation of the Company in accordance with the Articles and Rules;
- Setting the strategic direction of the Company, including determining the Company's investment, underwriting and marketing strategies, business model and plan;
- Setting the risk appetite for the Company and considering and approving the risk policies of the Company;
- Monitoring and reviewing the overall financial, claims, operational and investment performance of the Company;
- Ensuring and overseeing the Company's compliance with all applicable legal, regulatory and capital requirements and implementing all adequate systems and controls to ensure that such requirements are met; and
- Approving all regulatory returns.

Audit & Risk Committee

The primary purpose of this Committee is to assist the Board in monitoring and reviewing in detail:-

- the annual financial statements and regulatory returns of the Company, its risk management systems and dealing with matters arising,
- making recommendations to the Board and, where authorised by the Board, instructing the Managers to take action in relation to matters such as
  - the integrity of the management accounts and annual financial statements,
  - the effectiveness of the Company's risk management system and internal controls, including financial, operational, compliance and capital management,
  - the effectiveness of all audit activities, including selection of the Company's statutory and internal auditors, and
  - the production of the Company's Own Risk & Solvency Assessment (ORSA) for the consideration of the Board.

2.2 Fit & Proper Requirements

The competency requirements and qualifications of the Directors and key function holders are those identified as appropriate for each individual role and any specialisms applicable. For the Executive Directors and key function-holders, competencies considered are:

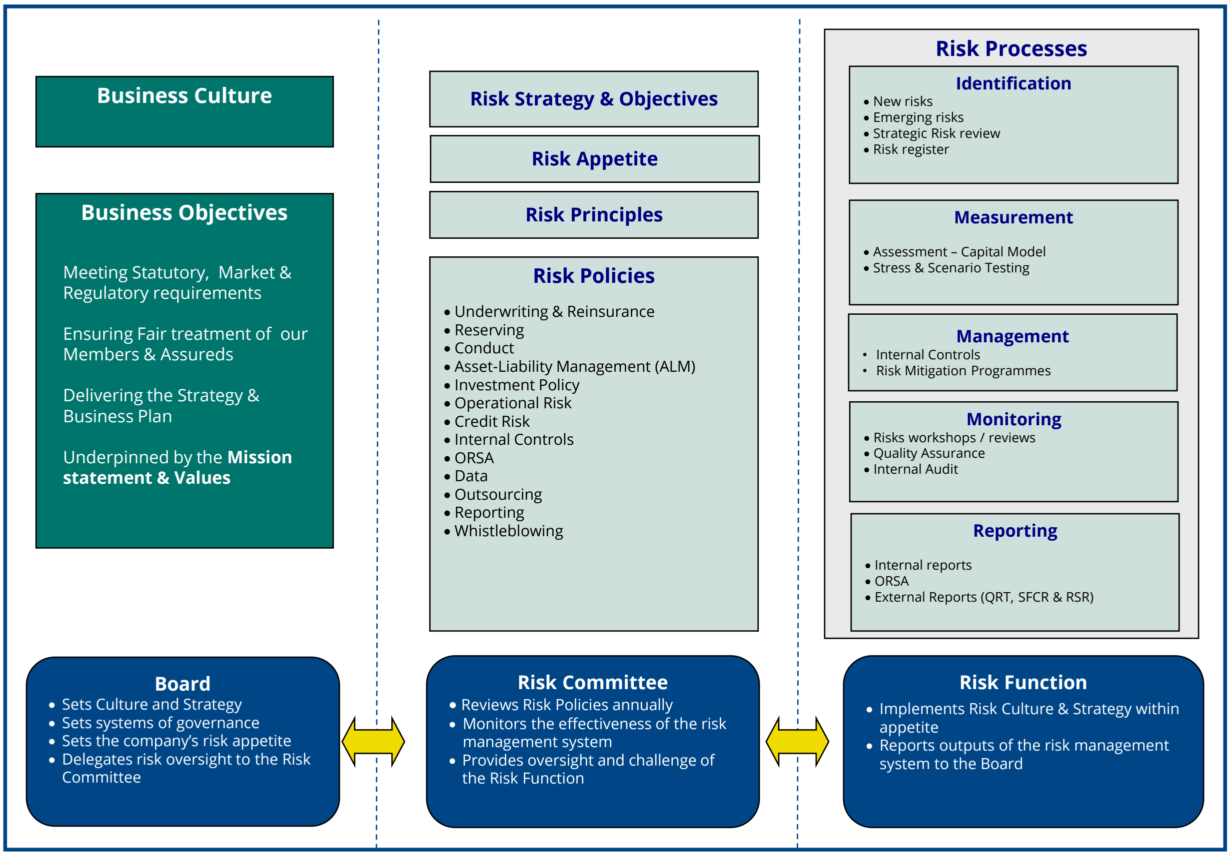
- Market Knowledge
- Financial Analysis
- Customer Experience
- Corporate Governance
- Insurance Regulation
- Underwriting & Claims

The Company has implemented a Fit & Proper Policy and processes to ensure individuals acting for it are both fit and proper. On appointment all Directors and key function-holders are subject to due diligence enquiries to ensure that they are honest, of good repute, have integrity, and are financially sound. The fit and proper assessments are repeated annually. Where a key function is outsourced, the Company ensures the outsourcing firm has procedures in place for ensuring those carrying out the function are fit and proper.

2.3 Risk Management System

The risk management system of the Company is set at the group level in the Club's Enterprise Risk Management Framework ("ERMF") which describes the risk management system in place and cross refers to the extensive library of risk documentation, processes and procedures which combine to ensure the Company is able to effectively identify, measure, monitor and report the risks to which it is exposed.

A chart taken from the Company's ERMF, which describes in graphical format the Business Objectives, Risk Strategy & Objectives and Risk Processes, and how they knit together and are integrated into the Company's organisational structure, is included below:



The Company's Risk Policies and its Risk Appetite Framework ("RAF") are aligned with those of its parent.

As presented in the chart above, the Company has a range of risk processes in place to ensure it is able to effectively identify, measure, manage, monitor and report on the risks to which it is exposed:

Identification

- The Audit & Risk Committee (ARC) maintains and updates as appropriate a log of new and emerging risks at each meeting.
- The ARC conducts an annual review of the Company's overall risk profile soon after the Company's 20 February renewal date for its mutual business to identify any new or emerging risks arising out of changes in the mix of business on risk and/or evolving claims experience.
- The Company's Risk Register is reviewed and updated as risks change, or at least annually.

Measurement

- The Company's internal capital model is updated annually and calibrated to measure all material, quantifiable risks to which the Company is exposed over a one year time horizon.
- The Company's Risk Register incorporates an impact and likelihood scoring matrix for each individual risk identified.

- The Own Risk & Solvency Assessment (ORSA) process includes stress testing and scenario analysis to measure the financial impact of a range of specific extreme events.

Management

- The Company's internal control system ensures robust controls are in place to mitigate material risks identified in the business.
- The Company's Risk Register incorporates a scoring matrix which measures the risk mitigating impact of controls in place for each risk identified.

Monitoring

- Processes in place for measuring and reporting ensure that all risks are appropriately monitored over time.

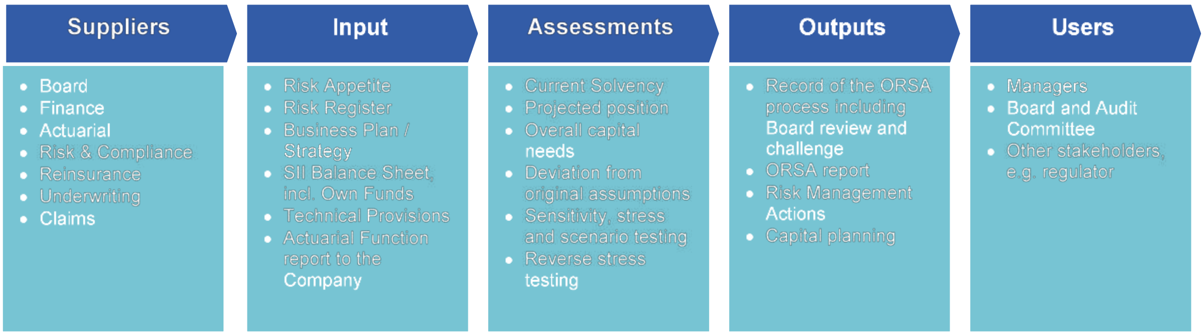
Reporting

- Measurement of all material, quantifiable risks to which the Company is exposed over a one year time horizon, as calculated using the Company's internal capital model, are reported to the ARC annually.
- The Company's Risk Register is updated and presented to the ARC at least annually. Changes to the Risk Register and an update on any risk management actions are reported at each ARC meeting.
- The Company's Internal Audit Function submits written reports to the ARC and attends ARC meetings at least annually.
- The Company's ORSA Report is presented to and reviewed by the Board at least annually.

2.4 Own Risk & Solvency Assessment (ORSA)

The Company carries out an assessment of its own risks and solvency requirements annually, following the processes and procedures for this assessment prescribed in its ORSA Policy & Procedures document ("ORSA Policy").

The ORSA Policy states that the Board retains overall responsibility for the Company's risk management framework and approval of the ORSA. It has delegated to the ARC authority for oversight and challenge of risk and associated controls. The Chief Finance function holder has the responsibility for performance of the Company's ORSA. The following chart from the Company's ORSA Policy shows the end-to-end assessment process:



The individual processes undertaken during the assessment process are designed to address EIOPA's Guidelines on own risk and solvency assessment (EIOPA-BoS-14/259 EN), appropriately tailored to reflect the nature, scale and complexity of the Company's risks.

2.5 Internal Control System

The Company's internal control system is documented in its Internal Controls Policy. This policy aims to assist with the achievement of the Mission Statement and Corporate Objectives, and to ensure fair outcomes for policyholders and compliance with all applicable regulations. The policy requires Management to implement robust controls to mitigate material risks identified in the business in order that risks do not exceed the Company's risk appetite. Management of controls is a key part of the Company's Risk Management System and the Quality Management System. ISO 9001 accreditation is maintained in respect of the Group's Quality Management System.

The policy requires Management:

- To effect appropriate internal controls within their processes and procedures in order to ensure:
  - Continuous compliance with all relevant regulations
  - Mitigation of risks arising which are outside the Company's Risk Appetite
  - The availability and reliability of financial and non-financial reporting
  - Service excellence to Members.
- Where weaknesses in internal controls are identified, to implement effective strategies to mitigate the risks arising.
- To provide regular feedback to the ARC on the status of internal controls and any actions arising.

The Company operates a three lines of defence model to guide how responsibilities are divided:

- 1st Line – Risk owners (Directors and key function-holders) are responsible for the continuous identification and assessment of risks within their departments and for ensuring effective systems and controls are in place to mitigate risks arising.
- 2nd Line – The Internal Audit Function reviews the effectiveness of the Internal Controls environment and adherence to the Internal Controls Policy. The Risk & Compliance Function monitors risks arising and the operation of the risk management system.
- 3rd Line – External bi-annual assessments by the ISO certification body and a review of the risk and control environment operating within the business as part of the Company's annual external audit.

2.5.1 Compliance Function

The Company's Compliance Manual describes how the Compliance Function is organised to ensure compliance with the requirements of its prudential and conduct regulator both in Cyprus and in all other jurisdictions in which the Company has a regulated presence. It defines the responsibilities, competencies and reporting duties of the Compliance Function and its documented key processes and procedures are consistent with the specific requirements of Article 46(2) of Directive 2009/138/EC and Article 270 of the Commission Delegated Regulation 2015/35.

The responsibilities of the Compliance Function include:

- identifying, assessing, monitoring and reporting on the Company's compliance risk exposures and assessing the appropriateness of measures adopted by the Company to prevent possible non-compliances;
- providing support and advice to the Company's management on all compliance matters and arranging any training required by staff to ensure they understand the Company's regulatory obligations;
- assessing the impact of any changes in the legal environment on the operations of the Company and any new compliance risk exposures arising; and
- reporting to the Board on the Company's compliance with all laws, regulations and administrative provisions relevant to the jurisdictions in which it operates.

2.5.2 Risk Function

The risk management function is responsible for providing support to the business on setting risk policy and risk appetite, its risk management activity including identifying, monitoring and reporting on risk and risk-related activities within the Company to Management and the Board as outlined in the Enterprise Risk Management Framework above.

2.6 Internal Audit Function

The Internal Audit Function is outsourced to Mazars Limited. To maintain objectivity, the Internal Audit Function is not authorised to perform any day-to-day activities or to take operational responsibility for any part of the Company on an outsourced basis. Internal Audit is directly accountable to the Chairman of the ARC, and has free and unrestricted access to the Chairman of the ARC and the Chairman of the Board.

The Mazars' audit partner responsible for the engagement attends the ARC to present his latest report on at least an annual basis. Copies of the full audit reports, including management responses, are sent to the Chairman of the ARC once finalised, with a summary report included in the Agenda.

Mazars present for approval their proposed three-year rolling internal audit plan, including details of and the rationale for audits to be performed, to the ARC annually.

2.7 Actuarial Function

The Actuarial function is outsourced to the parent entity's Actuarial team, headed by a qualified actuary who is the Designated Actuary, providing the Company with an effective Actuarial Function. The documented key processes and procedures for the Actuarial Function are consistent with the specific requirements of Article 48 of Directive 2009/138/EC.

2.8 Outsourcing

The Company's Outsourcing Policy aims to ensure that its outsourcing arrangements do not lead to an undue increase in operational risk, impair the Company's systems of governance, reduce the supervisory authority's ability to monitor compliance, and do not lead to a deterioration in the service provided to Members and assureds. The critical or important outsourcing arrangements in place are the Company's arrangements with its managers, A. Bilbrough & Co (Europe) Ltd, and the Internal Audit services provided by Mazars Limited.

The Policy includes a number of Policy Statements, which provide a framework within which this key outsourcing arrangement is organised, for example stipulating that it is subject to a written legal agreement which meets all legal and regulatory requirements, and requiring the Company to maintain a Contingency Plan for the termination of the arrangement.

The Policy further contains a list of Board roles and responsibilities retained by the Board in respect of the arrangement, examples being an annual review of the financial resources of the Managers to properly perform the agreement, a formal review of the agreement at least every five years and bi-annual tests of the Managers' BCP arrangements with results reported annually to the Board.

2.9 Assessment of the Adequacy of the System of Governance

The Company is a relatively small insurer with a simple operating structure focused principally on providing P&I insurance to its mutual members and fixed premium assureds. Notwithstanding this, it has in place a comprehensive system of governance complying with the same full suite of Solvency II regulatory requirements applicable to the EU's largest and most complex insurance groups. Against this background the Company assesses that its system of governance is more than adequate for the nature, scale and complexity of the risks inherent in its business.

2.10 Any Other Information

There is no other material information to report regarding the Company's system of governance.

3 RISK PROFILE

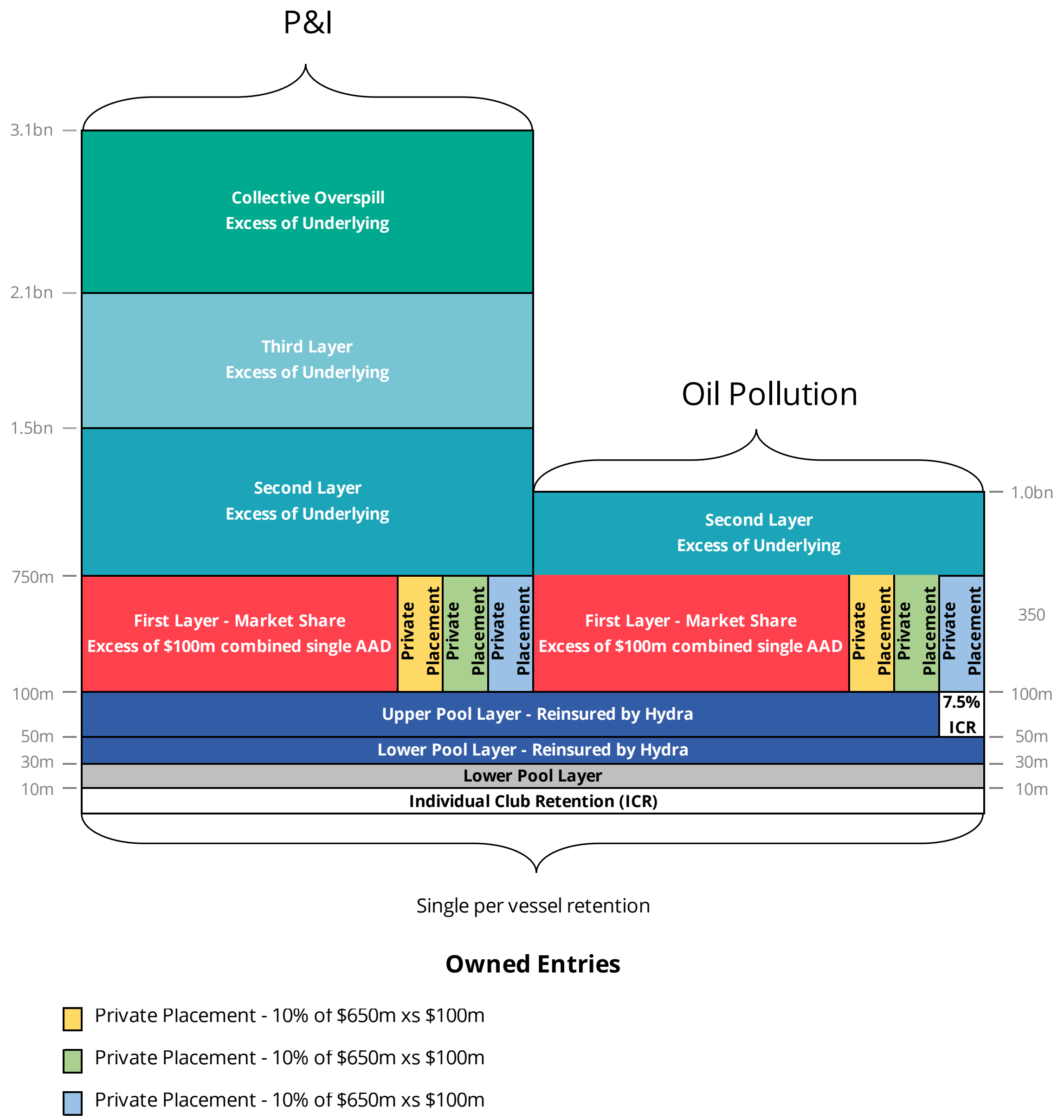
3.1 Underwriting Risk

Premium Risk

Premium risk is the risk that Calls and Gross Premiums will not be sufficient to cover losses and associated administrative expenses. This risk is managed and mitigated by writing a diversified book of business, with documented underwriting guidelines and risk appetite tolerances in place to ensure only acceptable risks are entered with the Company. The risk function regularly reviews and analyses the portfolio of business on risk during the year, including portfolio composition by ship type, ship age and place of management.

The purchase of appropriate reinsurance is central to the management of underwriting risk on a net basis in line with the Company's capital management plan. The Company is an affiliate member of the IG which operates a pooling system for the sharing of claims costs on an excess of loss basis, and further purchases commercial market reinsurance on a collective basis for all Clubs. The Association purchases additional reinsurance for its exposure to non-poolable risks.

The Company cedes 90% of its risks under a quota share agreement to LSSO.



Reserving Risk

Reserving risk is the risk that technical provisions set in respect of claims incurred but not settled are ultimately insufficient to cover future settlements and associated claims handling expenses. In common with all marine liability insurers there remains uncertainty with regards to the eventual cost of claims incurred but not settled at each year end date. Sources of uncertainty include changes in the economic climate, national and international liability regimes, commodity prices and currency fluctuations amongst many others. The Company's processes and procedures for valuing technical provisions reflect the fact that this represents a high risk area for the Company.

The Company incorporates a risk margin within its technical provisions in excess of the best estimate projected future cost in order to reduce the probability that the valuation is insufficient to cover future settlements and associated claims handling costs. It is to be expected that actual experience will differ from the valuation of technical provisions at the year-end date, and there remains a residual risk that the eventual outcome will exceed the valuation.

3.2 Market Risk

Market risk is the risk of an adverse financial impact arising from fluctuations in the value of, or income from, its assets and liabilities. The Company's assets are currently held in cash and so there is no market risk arising from investment activity.

A significant majority of the Company's liabilities are denominated in its functional currency of US Dollars. It does, however incur liabilities in other currencies like Pound Sterling and Euros.

3.3 Credit Risk

Credit risk is the risk that the Company will suffer a loss due to the failure of a counterparty to perform its contractual obligations. The primary sources of credit risk for the Company are:

1. Amounts due from reinsurers
2. Amounts due from Members and assureds
3. Counterparty risk with respect to investments and cash deposits

Reinsurance default risk is managed by regular monitoring of current and prospective reinsurance counterparties and by having in place guidelines in respect of acceptable credit ratings and concentration limits.

Default risk in respect of Members and assureds is managed through the careful selection of new entrants and a cycle of regular monitoring of existing Members and assureds. The Company's Management has in place processes and procedures for the regular monitoring of overdue receivable amounts, including escalation procedures leading ultimately to termination of cover in the event that amounts due are not settled in an appropriately timely manner.

3.4 Liquidity Risk

This is the risk the Company may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As previously noted, assets are currently held in cash and so there is a very low level of liquidity risk.

3.5 Operational Risk

Operational risks relate to the failure of internal processes, systems or controls due to human or other error. In order to mitigate such risks the Company documents all material operational risks in its risk register together with details of the relevant controls and status of the controls. Compliance with Company procedures and documented controls are audited on a regular basis through quality control checks and the internal audit function which is directed and reviewed by the ARC.

3.6 Risk Concentrations

Appropriate risk mitigating controls in place protect the Company against exposure to any material risk concentrations.

3.7 Any Other Information

There is no other material information to report regarding the Company's Risk Profile.

4 VALUATION FOR SOLVENCY PURPOSES

The following table sets out a comparison of the valuation of assets between IFRS and Solvency II for the Company, as well as the comparative figures as at 20 February 2021:

	20 Feb 2022			20 Feb 2021		
LSSO Europe	**Solvency II US$'000**	**IFRS US$'000**	**Variance US$'000**	**Solvency II US$'000**	**IFRS US$'000**	**Variance US$'000**
Deferred acquisition costs	-	81	(81)	-	-	-
Reinsurers' share of technical provisions	6,684	9,464	(2,780)	(1,253)	4	(1,257)
Insurance and intermediaries receivables	899	899	-	6	6	-
Receivables (trade, not insurance)	8,627	8,627	-	-		
Taxation	22	22	-	-		-
Cash and cash equivalents	12,164	12,164	-	20,030	20,030	-
Total Assets	**28,396**	**31,257**	**(2,861)**	**18,783**	**20,040**	**(1,257)**

The Company's investments are valued at amortised cost for Solvency II purposes – the same basis as the annual financial statements, which follow IFRS.

The 'Reinsurers' share of technical provisions' item has been discounted with the US Dollar risk-free yield curve as prescribed by EIOPA for Solvency II purposes.

4.1 Technical Provisions

The following table shows the net best estimate and risk margin for the Company, as well as the comparative figures as at 20 February 2021:

LSSO Europe	**20 Feb 2022 US$'000**	**20 Feb 2021 US$'000**	**Variance US$'000**
Net Technical Provisions as per Statutory Accounts IFRS	1,023	-	1,023
Solvency II Adjustments	884	362	522
Net Best Estimate	1,907	362	1,545
Risk Margin	2,123	813	1,310
Net Technical Provisions	**4,030**	**1,175**	**2,855**

The main differences between the IFRS and the Solvency II net technical provisions are attributed to the inclusion of a Premium Provision relating to 'bound but not incepted' ("BBNI").

A further breakdown showing the Claim Provision and Premium Provision separately by Solvency II line of business is provided in template S.17.01 in the QRTs in the Appendix towards the end of this Report.

4.1.1 Methodology and main assumptions used for valuation of best estimate

The technical provisions have been calculated separately for a Premium Provision and a Claim Provision. Furthermore, the 'Best Estimate' corresponds to the probability-weighted average of future cash-flows, taking the time value of money into account using the relevant risk-free interest rate term structure. A risk margin is added at the end to reflect the value of the technical provisions as the equivalent amount that insurance undertakings would be expected to require in order to take over and meet the insurance obligations of the Company. Although a predominantly marine liability insurer, we have split the assessment of our technical provisions into two classes of business, 'Marine, Aviation & Transport' and 'Legal Expenses'. The underlying methodology adopted was broadly similar for both classes using assumptions specific to each class of business, for example bespoke run-off patterns. A split of the best estimate and risk margin can be found in template S.17.01 of the QRTs included in the Appendix.

Claim Provisions and corresponding reinsurance recoveries

The first step was to determine the 'true' best estimates. The IFRS reserve assessment, which is based on commonly accepted actuarial techniques, is used as the starting point. All implicit margins are then removed. Cash-flow patterns are derived using a chain-ladder approach, separately for Class 5 P&I and Class 8 FD&D.

Where relevant, the projected cash-flows for the large claims are then passed through the various reinsurance programmes (mainly excess loss) to derive appropriate reinsurance recovery payments patterns for main reinsurance groupings (e.g. IG Pooling Agreement, LSSO quota share, etc.). For each of these groupings appropriate one-year probability of default and recovery rate assumptions are used based on the average credit rating of the counterparties within that grouping to derive an adjustment for counterparty default. The default probabilities used were those similar to the relevant credit quality steps provided by EIOPA.

Claims payments are made in various currencies over time with the overall majority of payments in US$.

Premium Provision

There was a small amount of unearned business relating to non-Mutual business as at the valuation date. By far the biggest component of the Company's Premium Provision as at 20 February 2022 relates to BBNI business. This is because for the majority of our business, which is mutual entries, cover is renewed shortly before year-end and incepts at midday on 20 February.

Appropriate loss ratio assumptions are made and relevant cash-flow patterns are applied to premiums, gross claims, reinsurance premiums and recoveries, and expenses. As a traditional mutual aiming for a long-term breakeven result and in line with our underwriting risk appetite, we allow for a combined ratio in excess of 100%. This means under Solvency II we recognise the net present value of this anticipated loss, which leads to an increase in overall net technical provisions.

Expenses

The payment patterns described under Claim Provisions include all allocated loss adjustment expenses ("ALAE"), and hence future associated claim handling expenses and corresponding administration expenses are included and no further explicit allowance is required.

Unallocated loss adjustment expenses ("ULAE") are not included within the gross paid claim amounts and so they are projected separately under the following headings:

- Claims management expenses;
- Administrative expenses;
- Investment management expenses; and
- Acquisition expenses

For these expense items an estimate was made of the corresponding amount for the forthcoming financial year and of the corresponding proportion which relate to the servicing of existing liabilities. This assumes that the Company continues to write new business.

In deriving a cash-flow pattern for claims handling costs we determined a run-off pattern based on past data for the notification and closure of claims, and assigning appropriate annual costs of opening a claim, closing a claim and running an ongoing claim. Administrative expenses were assumed to run off in proportion to liabilities and investment expenses were assumed to run-off in a similar fashion but based on the average of the opening and closing reserve at each future year.

We've allowed for acquisition costs under Premium Provisions based on the actual data from BBNI business.

Allowance for events not in the data ("ENID")

A percentage loading is added to each future annual cash-flow separately for each currency, which increases over time to reflect the uncertainty associated with cash-flows long into the future.

Discounting

All future cash-flows (claims, premiums, reinsurance recoveries, expenses, etc.) have been discounted using the prescribed EIOPA US Dollar yield curve as at 20 February 2022, an interpolation between the yield curve as at 31 January 2022 and 28 February 2022.

Risk Margin

In line with EIOPA guidance, the risk margin is calculated using a cost-of-capital approach (currently equal to 6%). This approach is intended to ensure that the value of the technical provisions is equivalent to the amount that insurance undertakings would be expected to require in order to take over and meet the insurance obligations.

The 'proxy SCR' as at the valuation date is calculated using the Standard Formula in line with the calculation for a full SCR, but only applied to business included in the Solvency II Technical Provisions (e.g. excluding Market risk). Future SCRs are projected to run-off in line with the net future liabilities but subject to an adjustment so as to ensure that the proportion of the discounted SCR at each and every future year in relation to the discounted net technical provisions also at the same future point is not lower than the corresponding ratio between the proxy SCR and net technical provisions as at the valuation date.

4.1.2 Uncertainty associated with the value of technical provisions

Whilst we have made every effort to ensure the estimate of the Solvency II technical provisions is an accurate assessment of future obligations, it remains an approximation. Factors affecting the level of uncertainty are both internal and external and the nature of these factors are such that they are difficult to quantify in both likelihood and magnitude. The issues that affect the certainty of the technical provisions include:

- The projection of numerous cash-flows, including future premiums, claim payments and reinsurance recoveries on these payments. None of these will develop exactly as projected and deviations from these projections are normal and to be expected.
- The assumptions used to calculate the Premium Provision are based on the expectation of an 'average year'. Actual underwriting performance for that business may vary significantly from the assumed position at the outset.
- The yield curves used to discount future cash-flows can vary from one year to the next which introduces additional balance sheet volatility that does not exist on an IFRS balance sheet.
- There is greater uncertainty associated with more recent policy years as these are still in an early stage of development.
- For certain elements of the technical provisions, for example ENIDs, very little data exists on which to base the assumptions and hence a high degree of judgement is required, which could lead to increased uncertainty in the estimates.

4.1.3 Other adjustments

We have not applied any other adjustments to the technical provisions such as the matching adjustment or volatility adjustments. Neither did we apply any transitional arrangements such as for example on the risk free interest rate term structures.

4.1.4 Material changes since the previous valuation

There have been no other material changes in the Technical Provisions methodology since the previous valuation.

4.2 Other Liabilities

The following table sets out a comparison of the valuation of liabilities between IFRS and Solvency II for the Company:

	20 Feb 2022			20 Feb 2021		
LSSO Europe	**Solvency II US$'000**	**IFRS US$'000**	**Variance US$'000**	**Solvency II US$'000**	**IFRS US$'000**	**Variance US$'000**
Technical Provisions	10,713	10,567	146	(77)	5	(82)
Insurance & Intermediaries payables	202	202	-	26	26	-
Reinsurance payables	-	-	-	-	-	-
Payables (trade, not insurance)	1,424	1,424	-	132	132	-
Total Liabilities	**12,339**	**12,193**	**146**	**81**	**163**	**(82)**
Excess of Assets over Liabilities	**16,057**	**19,064**	**(3,007)**	**18,702**	**19,877**	**(1,175)**

4.2.1 Differences between Solvency II and IFRS valuations

In general, the valuation method of liabilities is aligned with the statutory accounts and so the basis of preparation aligns with the accounting policies outlined in the Company's Annual Report and Financial Statements.

4.3 Any Other Information

There is no other material information to report regarding the Company's valuation of assets and liabilities.

5 CAPITAL MANAGEMENT

5.1 Own Funds

5.1.1 Objectives and management of Own Funds

The Company's objective is to maintain a solvency level that is in line with the Risk Appetite Framework. Key risks, such as insurance risk, are monitored periodically.

Notwithstanding this core objective, however, the contractual right to make a supplementary call on the mutual Membership represents an important, well understood and highly efficient means by which the Company can manage its capital requirements in times of financial stress. Article 89 of Directive 2009/138/EC recognises that in the case of a mutual association with variable contributions, future claims which it has the right to levy on its Membership may be treated as Ancillary Own Funds ("AOF") forming part of the insurer's overall capital resources available to meet the SCR.

5.1.2 Structure, amount and quality of Own Funds

The following tables provide a summary of the movement in own funds for the Company over the reporting period:

LSSO Europe	20 Feb 2022 US$'000	Movement US$'000	20 Feb 2021 US$'000
Basic Own Funds			
Ordinary share capital	20	-	20
Share premium account related to ordinary share capital	19,980	-	19,980
Reconciliation reserve	(3,943)	(2,645)	(1,298)
Total Basic Own Funds	**16,057**	**(2,645)**	**18,702**
Ancillary Own Funds			
Supplementary calls as per Article 89		-	-
Total Own Funds	**16,057**	**(2,645)**	**18,702**

5.1.3 Eligible amount of Own Funds available to cover SCR and MCR, classified by tiers

The following tables provide a summary of the movement in eligible own funds for the Company over the reporting period available to cover the SCR:

LSSO Europe	20 Feb 2022 US$'000	Movement US$'000	20 Feb 2021 US$'000
Tier 1	16,057	(2,645)	18,702
Tier 2	-	-	-
Tier 3	-	-	-
Eligible Own Funds	**16,057**	**(2,645)**	**18,702**

All eligible own funds are unrestricted and available to meet the SCR.

5.1.4 Differences between IFRS equity and Solvency II excess of assets over liabilities

The majority of assets and liabilities are valued identically under IFRS and Solvency II. The key difference relates to the valuation of the technical provisions. The differences can be summarised as follows:

LSSO Europe	20 Feb 2022 US$'000	Movement US$'000	20 Feb 2021 US$'000
Retained Earnings as per IFRS	**19,064**	**(813)**	**19,877**
Difference in valuation of assets	(2,861)	(1,604)	(1,257)
Difference in valuation of technical provisions	(146)	(228)	82
Difference in valuation of other liabilities	-	-	-
Solvency II excess of assets over liabilities	**16,057**	**(2,645)**	**18,702**

5.1.5 Description and the amount of Ancillary Own Funds

There is currently no amount approved for AOF.

5.1.6 Description of items deducted from Own Funds

There are no items that are deducted from own funds and no significant restrictions affecting the availability and transferability of own funds.

5.2 Solvency Capital Requirement and Minimum Capital Requirement

5.2.1 Solvency Capital Requirement as at 20 February 2022

The SCR of the Company has been determined using the Standard Formula approach and as at the valuation date wasUS$7.5m. The following table shows the relevant SCRs split by risk modules as at 20 February 2022:

LSSO Europe	20 Feb 2022 US$'000	20 Feb 2021 US$'000	Change US$'000
Non-life Underwriting Risk	2,584	2,129	455
Market Risk	301	2,328	(2,027)
Counterparty Default Risk	4,957	3,502	1,455
Undiversified Basic SCR	**7,842**	**7,959**	**(117)**
Diversification benefit	(1,112)	(1,940)	828
Basic SCR	**6,730**	**6,019**	**711**
Operational Risk	734	0	734
Standard Formula SCR	**7,464**	**6,019**	**1,445**

No material simplified methods or undertaking-specific parameters have been used in our assessment and neither did we use the duration-based equity risk sub-module as set out in Article 304 of Directive 2009/138/EC in the calculation of the SCR.

Non-Life Underwriting Risk

The Company's largest risk exposure relates to expired and unexpired business. 'Premium and Reserve Risk' was split between 'Marine, Aviation & Transportation' and 'Legal Expenses' lines of business. We have not used Undertaking-Specific Parameters but we did allow for geographical diversification as underlying risks are spread globally.

The 'Catastrophe Risk' sub-module reflects the exposure to a man-made catastrophe involving a tanker collision.

Counterparty Default Risk

The 'Type 1' exposures reflect the risk mitigation effect for the event covered under the 'Catastrophe Risk' sub-module. The Company's largest reinsurance counterparty is its parent, LSSO.

5.2.2 Minimum Capital Requirement as at 20 February 2022

The MCR of the Company as at the valuation date was US$4.3m. The following table shows the inputs into the MCR calculation as at 20 February 2022. Note the Absolute Floor of the MCR ("AMCR") is prescribed by EIOPA and is €3.7m:

LSSO Europe	20 Feb 2022 US$'000	20 Feb 2021 US$'000	Change US$'000
AMCR*	4,309	4,328	(19)
Linear MCR	479	38	441
SCR	7,464	6,019	1,445
Combined MCR	1,866	1,505	361
Minimum Capital Requirement	**4,309**	**4,328**	**(19)**

**AMCR is €3.700k converted at US$1.1645 (20 Feb 2021: US$1.1698) as per Article 300 of Directive 2009/138/EC*

The following information, by Solvency II line of business, was used to calculate the MCR:

- Net written premium in the previous 12 months to the valuation date
- Net best estimate technical provisions

5.2.3 Non-compliance with SCR/MCR

There were no instances of non-compliance with either the MCR or the SCR over the reporting period.

5.3 Overall Solvency

The table below shows the SCR and MCR solvency ratios for the Company as at 20 February 2022:

	Solvency Capital Requirement			Minimum Capital Requirement		
LSSO Europe	**20 Feb 2022 US$'000**	**20 Feb 2021 US$'000**	**Change US$'000**	**20 Feb 2022 US$'000**	**20 Feb 2021 US$'000**	**Change US$'000**
Capital Requirement	7,464	6,019	1,445	4,309	4,328	(19)
Eligible Own Funds	16,057	18,702	(2,645)	16,057	18,702	(2,645)
Surplus Funds	**8,593**	**12,683**	**(4,090)**	**11,748**	**14,374**	**(2,626)**
Solvency Ratio	215.1%	310.7%	(95.6%)	372.7%	432.1%	(59.4%)

5.4 Any Other Information

There is no other material information to report regarding the Company's capital management.

Appendix 1: Quantitative Reporting Templates (QRTs)

The remaining part of this submission contains the required QRTs for the Company in line with Solvency II requirements.

All figures are presented in thousands of US Dollars with the exception of ratios that are in decimal. Please note that totals may differ from the component parts due to rounding. All items disclosed are consistent with the information provided privately to the regulator.

The following QRTs are provided:

Reference	QRT Template Description
S.02.01.02	Balance sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life insurance claims
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement – for undertakings on the Standard Formula
S.28.01.01	Minimum Capital Requirement – only life or only non-life insurance or reinsurance activity

The London P and I Insurance Company (Europe) Limited

Solvency and Financial Condition Report

Disclosures

20 February

2022

(Monetary amounts in USD thousands)

General information

Undertaking name	The London P and I Insurance Company (Europe) Limited
Undertaking identification code	2138003JRMGVH8CGUR42
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	CY
Language of reporting	en
Reporting reference date	20 February 2022
Currency used for reporting	USD
Accounting standards	IFRS
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.17.01.02 - Non-Life Technical Provisions
S.19.01.21 - Non-Life insurance claims
S.23.01.01 - Own Funds
S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	0
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	0
R0140	*Government Bonds*	0
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	6,684
R0280	*Non-life and health similar to non-life*	6,684
R0290	*Non-life excluding health*	6,684
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	899
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	8,627
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	12,164
R0420	Any other assets, not elsewhere shown	22
R0500	**Total assets**	28,396

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	10,713
R0520	*Technical provisions - non-life (excluding health)*	10,713
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	8,590
R0550	*Risk margin*	2,123
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	202
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	1,424
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	
R0900	**Total liabilities**	12,339
R1000	**Excess of assets over liabilities**	16,057

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business						11,098				1,767							12,865
R0120	Gross - Proportional reinsurance accepted						0				0							0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share						9,260				1,431							10,692
R0200	Net						1,837				336							2,173
	Premiums earned																	
R0210	Gross - Direct Business						10,650				1,593							12,242
R0220	Gross - Proportional reinsurance accepted						0				0							0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share						8,889				1,290							10,179
R0300	Net						1,761				303							2,064
	Claims incurred																	
R0310	Gross - Direct Business						10,853				2,480							13,333
R0320	Gross - Proportional reinsurance accepted																	0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share						9,768				2,232							12,000
R0400	Net						1,085				248							1,333
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net						0				0							0
R0550	**Expenses incurred**						1,276				268							1,543
R1200	**Other expenses**																	
R1300	**Total expenses**																	1,543

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			MT	GR	PT	IT	DE	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	874	3,811	3,311	1,432	532	517	10,476
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	708	3,087	2,682	1,160	431	418	8,485
R0200	Net	166	724	629	272	101	98	1,990
	Premiums earned							
R0210	Gross - Direct Business	871	3,792	3,289	1,432	532	517	10,431
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	705	3,071	2,664	1,160	431	418	8,449
R0300	Net	165	720	625	272	101	98	1,982
	Claims incurred							
R0310	Gross - Direct Business	993	5,164	4,249	323	202	225	11,156
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	893	4,647	3,824	291	182	203	10,041
R0400	Net	99	516	425	32	20	23	1,116
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	78	251	155	141	69	62	756
R1200	**Other expenses**							
R1300	**Total expenses**							756

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**						0				0							0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross						-1,112				-55							-1,167
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						-1,347				-67							-1,414
R0150	**Net Best Estimate of Premium Provisions**						235				12							247
	Claims provisions																	
R0160	Gross						7,973				1,784							9,757
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						6,642				1,455							8,097
R0250	**Net Best Estimate of Claims Provisions**						1,331				329							1,660
R0260	**Total best estimate - gross**						6,861				1,729							8,590
R0270	**Total best estimate - net**						1,566				341							1,907
R0280	**Risk margin**						1,744				379							2,123
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**						8,605				2,108							10,713
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**						5,295				1,389							6,684
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**						3,310				720							4,030

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 **Accident year / underwriting year** Underwriting Year

Gross Claims Paid (non-cumulative)

(absolute amount)

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	**Development year**											**In Current year**	**Sum of years (cumulative)**
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	2013	0	0	0	0	0	0	0	0	0	0		0	0
R0170	2014	0	0	0	0	0	0	0	0	0			0	0
R0180	2015	0	0	0	0	0	0	0	0				0	0
R0190	2016	0	0	0	0	0	0	0					0	0
R0200	2017	0	0	0	0	0	0						0	0
R0210	2018	0	0	0	0	0							0	0
R0220	2019	0	0	0	0								0	0
R0230	2020	0	0	0									0	0
R0240	2021	0	0										0	0
R0250	2022	2,603											2,603	2,603
R0260												**Total**	2,603	2,603

Gross Undiscounted Best Estimate Claims Provisions

(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	**Development year**											**Year end (discounted data)**
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0	0
R0160	2013	0	0	0	0	0	0	0	0	0	0		0
R0170	2014	0	0	0	0	0	0	0	0	0			0
R0180	2015	0	0	0	0	0	0	0	0				0
R0190	2016	0	0	0	0	0	0	0					0
R0200	2017	0	0	0	0	0	0						0
R0210	2018	0	0	0	0	0							0
R0220	2019	0	0	0	0								0
R0230	2020	0	0	0									0
R0240	2021	0	0										0
R0250	2022	10,120											9,757
R0260												**Total**	9,757

S.23.01.01

Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	20	20		0	
R0030	Share premium account related to ordinary share capital	19,980	19,980		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	-3,943	-3,943			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	16,057	16,057	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	16,057	16,057	0	0	0
R0510	Total available own funds to meet the MCR	16,057	16,057	0	0	
R0540	Total eligible own funds to meet the SCR	16,057	16,057	0	0	0
R0550	Total eligible own funds to meet the MCR	16,057	16,057	0	0	
R0580	**SCR**	7,464				
R0600	**MCR**	4,309				
R0620	**Ratio of Eligible own funds to SCR**	215.14%				
R0640	**Ratio of Eligible own funds to MCR**	372.68%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	16,057
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	20,000
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	-3,943
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	108
R0790	**Total Expected profits included in future premiums (EPIFP)**	108

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	300		
R0020	Counterparty default risk	4,957		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	2,584		
R0060	Diversification	-1,112		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	6,729		

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	734
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	7,464
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	7,464
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	Not applicable

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	479

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	1,566	1,837
R0080	Fire and other damage to property insurance and proportional reinsurance	0	
R0090	General liability insurance and proportional reinsurance	0	
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	341	336
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_{L} Result	0

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits		
R0220	Obligations with profit participation - future discretionary benefits		
R0230	Index-linked and unit-linked insurance obligations		
R0240	Other life (re)insurance and health (re)insurance obligations		
R0250	Total capital at risk for all life (re)insurance obligations		

	Overall MCR calculation	C0070
R0300	Linear MCR	479
R0310	SCR	7,464
R0320	MCR cap	3,359
R0330	MCR floor	1,866
R0340	Combined MCR	1,866
R0350	Absolute floor of the MCR	4,309
R0400	**Minimum Capital Requirement**	4,309

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Deloitte Limited
24 Spyrou Kyprianou Avenue
CY-1075 Nicosia, Cyprus
Mail: P.O.Box 21675
CY-1512 Nicosia, Cyprus

Tel: +357 22 360 300
Fax: +357 22 360 400
infonicosia@deloitte.com
www.deloitte.com/cy

Independent Auditor's Report

To the Members of The London P&I Insurance Company (Europe) Limited

Report on the Audit of the relevant elements of the Solvency and Financial Condition Report

Opinion

We have audited the following Solvency II Quantitative Reporting Templates ("QRTs") contained in Annex I to Commission Implementing Regulation (EU) No 2015/2452 of 2 December 2015, of The London P&I Insurance Company (Europe) Limited (the "Company"), prepared as at 20 February 2022:

- S.02.01.02 - Balance sheet
- S.17.01.02 – Non-Life Technical Provisions
- S.23.01.01 – Own funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.01.01 – Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

The above QRTs are collectively referred to for the remainder of this report as "the relevant QRTs of the Solvency and Financial Condition Report".

In our opinion, the information in the relevant QRTs of the Solvency and Financial Condition Report as at 20 February 2022 is prepared, in all material respects, in accordance with the Insurance and Reinsurance Services and other Related Issues Law of 2016, the Commission Delegated Regulation (EU) 2015/35, the Commission Delegated Regulation (EU) 2016/467, the Commission Delegated Regulation (EU) 2019/981, the relevant EU Commission's Implementing Regulations and the relevant Orders of the Superintendent of Insurance (collectively "the Framework").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the relevant QRTs of the Solvency and Financial Condition Report* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the relevant QRTs of the Solvency and Financial Condition Report in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent Auditor's Report (continued)

To the Members of The London P&I Insurance Company (Europe) Limited

Emphasis of Matter

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' and other relevant disclosures sections of the Solvency and Financial Condition Report, which describe the basis of preparation. The Solvency and Financial Condition Report is prepared in compliance with the Framework, and therefore in accordance with a special purpose financial reporting framework. As a result, the Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The Board of Directors is responsible for the Other information. The Other information comprises certain narrative sections and certain QRTs of the Solvency and Financial Condition Report as listed below:

Narrative sections:

- Business and performance
- Valuation for solvency purposes
- Capital management

QRTs (contained in Annex I to Commission Implementing Regulation (EU) No 2015/2452 of 2 December 2015):

- S.05.01.02 - Premiums, claims and expenses by line of business
- S.05.02.01 - Premiums, claims and expenses by country
- S.19.01.21 - Non-Life insurance claims

Our opinion on the relevant QRTs of the Solvency and Financial Condition Report does not cover the Other information listed above and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Solvency and Financial Condition Report, our responsibility is to read the Other information and, in doing so, consider whether the Other information is materially inconsistent with the relevant elements of the Solvency and Financial Condition Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Solvency and Financial Condition Report

The Board of Directors is responsible for the preparation of the Solvency and Financial Condition Report in accordance with the Framework.

The Board of Directors is also responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of a Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

In preparing the Solvency and Financial Condition Report, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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Independent Auditor's Report (continued)

To the Members of The London P&I Insurance Company (Europe) Limited

Auditor's Responsibilities for the Audit of the relevant QRTs of the Solvency and Financial Condition Report

Our objectives are to obtain reasonable assurance about whether the relevant QRTs of the Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Solvency and Financial Condition Report.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the relevant QRTs of the Solvency and Financial Condition Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of the basis of preparation used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Solvency and Financial Condition Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

Our report is intended solely for the Board of Directors of the Company and should not be used by any other parties. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Deloitte Limited
Certified Public Accountants and Registered Auditors

Nicosia, 27 May 2022